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Applications due for tax savings on commercial building projects

Applications are due for \$12 million in federal tax incentives to be awarded to property owners who are constructing or doing major renovations to commercial, industrial and mixed-use (retail/rental housing) buildings in select Chattanooga neighborhoods.

Commercial buildings must be completed and ready for occupancy no later than December 31, 2009.

They must be located in the Renewal Community (RC), which includes select neighborhoods in zip codes 37402, 37403, 37404, 37405, 37406, 37407, 37408, 37409 and 37410.

Buildings can be newly constructed. If renovated, building expenses must equal or exceed the purchase price or basis of the building, whichever applies. Consult your tax advisor to determine your eligibility.

Completion of the buildings must result in the creation of permanent new jobs in Hamilton County that pay above-market wages, put abandoned buildings and vacant lots back into service, and stimulate commercial growth in the targeted area.

Buildings can be owner-occupied or leased space; however, the tax savings will be awarded to the property owner.

The federal tax incentive – or Commercial Revitalization Deductions (CRD) – allows property owners to deduct a portion of construction, renovation, and other qualified building expenses over a shorter period of time than is permitted under standard Internal Revenue Service rules. Under standard rules, commercial building expenses are depreciated over 39 years. With a CRD, property owners can accelerate the depreciation and deduct either 100% of qualified expenses pro rata over 10 years or up to 50% of qualified expenses the year the building is placed in service (with the remainder deducted over the standard time).

To determine if your commercial building is in an eligible neighborhood and to apply for this tax incentive, contact Chattanooga's Renewal Community Office at (423) 425-3776 or email noel_m@theenterprisectr.org. ***The deadline to apply is Friday, October 30.***